

10 November 1959

MEMORANDUM FOR THE DIRECTOR:

1. This is a memorandum of recommendations regarding your Congressional statement.

2. Recommended heading:

Statement by
ALLEN W. DULLES
Director of Central Intelligence
To The Subcommittee on Economic Statistics
OF THE JOINT ECONOMIC COMMITTEE
OF THE CONGRESS OF THE UNITED STATES
13 November 1959
In Washington, D. C.

3. Recommend that on page 3 (after the end of the paragraph carried over from page 2) you summarize some of the things you will demonstrate.

"Our studies of the competing economies show:

"(1) With slightly less than half of America's GNP the Soviet spends about the same amount on its military effort as does the United States.

"(2) The 1959 Soviet capital investment in its industry is about equal in dollar value to the 1959 United States capital investment in American industry.

"(3) The Soviet 7-Year Plan to increase its industrial output by 80% between now and 1965 can be accomplished except in agriculture.

"(4) Soviet industrial production as of today is growing at a rate twice that of the United States.

"(5) We project a moderate slowdown in total Soviet output, of GNP, over the next seven years as compared to the past seven years.

(S) (C) (U)

"(6) Khrushchev, we believe, left the United States with greater knowledge of and respect for the industrial productive capacity of America, not only in overall volume but in per capita production.

"(7) Growing at a rate of 6% a year through 1965 while the United States GNP is expected to grow at a rate of from 3.5% to 4%, the Soviet GNP will be slightly more than 50% of ours by 1965.

"(8) Putting the State first and the individual secondary, the Soviet achieves much of its progress by concentrating and allocating resources -- there is no free enterprise or free labor or free management or free men.

"(9) Including Red China and the Soviet Satellites in Europe, the total industrial production of the 'socialist camp' is about one-fourth of the world output.

"(10) Espionage and foreign technical experts have aided Soviet industrial production to a very limited degree except in the early stages of atomic energy and in the field of ballistic missiles."

This will gather together some vital facts without in any way affecting the forcefulness of your final summary. It is a long statement and needs an early summation in my opinion.

4. Recommend that throughout the statement sub-headings be inserted to give a series of informative breaks.

5. There are references in the statement to the reports of the National Economic Research Bureau but it is not made clear that this is a private, civilian organization of recognized standing.

8142000

- 2 -

6. In your New Orleans speech you estimated that Soviet industrial production in 1965 would be about 55% of that of the U.S.
7. On page 1 recommnd last sentence be changed so as to read: "We do it without prejudice."
8. On page 4 change first word in first line from "overstatement" to "comparison."
9. Add to paragraph 1, page 4, "The State comes first." This will tie the point down.
10. On page 6, first sentence, change "one's mind" to "my mind."
11. On page 7, first paragraph, there is a twilight zone that needs some clarification. why is the leadtime from drawing board to finished product less than with us when we claim our technical skill and our production methods exceed theirs? The last paragraph does not wholly answer this.
12. Page 8, first line, change "would be inconceivable" to "is inconceivable."
13. Page 10, add to first paragraph: "The production efficiency of American labor, in agriculture and in industry, is superior to the Soviet."
14. Page 12, last paragraph, add: "Russian mathematicians were world-famous."
15. Page 14, first sentence, correct "Marxism" so as to read "Marxism."
16. Page 14, first paragraph. Is it correct that a "program" can be a "policy"? Isn't the "policy" carried out by a "program"? Would it be more accurate to state: "... molded an economic policy with a dynamic program that exists to this day."
17. Page 15, line 11, change "our estimate" to read "CIA estimate."

18. Page 15, last line, change "between 1950 and 1955" to read for purposes of clarity: "between 1950 and 1955 in the Soviet Union."
19. Page 16, last line, second paragraph, change "independent studies" to read, "independent, private studies."
20. Page 16, first word, last paragraph, change "we estimate" to "CIA estimates."
21. Page 17, second sentence, second paragraph, change "We estimate that net agricultural ..." so as to read: "We estimate that Soviet net agricultural ..."
22. Page 18, second sentence, last paragraph, change "The National Bureau" so as to read, "The National Bureau of Economic Research."
23. Page 21: Put interrogation marks after each question.
24. Page 21, third question, substitute "and other comparable catastrophies" for "and the like."
25. Page 21, last paragraph, list in parentheses the years of the Sixth Five-Year Plan. This should be done consistently throughout the speech for each --Year Plan.
26. Page 22, last sentence, first paragraph, change "should be taken seriously" to "must be taken seriously."
27. Page 22, second paragraph, list year of 21st Party Congress.
28. Page 23, paragraph 2 implies that steel used in auto making is not again useable in making steel. Is this correct?
29. Page 24, first sentence, second paragraph, it would seem more accurate to say "... of the Seven Year Plan will be reached" rather than "approached", since any gain is an "approach."

21-0000

30. Page 27, second paragraph. This is a long, long, complex paragraph. The second sentence of this paragraph totals about 50 words and is in technical economic jargon mentioning, all in one breath, "producer durables," "serial production basis," "specific shortfalls," and "massive investment program."

31. Page 28, lines 7 and 8, raises a question as to what or whom will "force" Soviet leaders to "make very substantial concessions". Perhaps it might be well to add "forced by public opinion." Some answer is needed to identify the power to force.

32. Page 33, paragraph 2, the reference to "Red China in" might be worded differently for clarity.

STANLEY J. GROGAN
Assistant to the Director

Enclosure